

**STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION**

IN THE MATTER OF:

JINBI LIMITED

ANDRE RAFNSSON

JOSEPH CRAWLEY

RESPONDENTS

**ADMINISTRATIVE ORDER
NO. CD-2018-0019**

CEASE AND DESIST ORDER

The Alabama Securities Commission ("Commission"), having the authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act ("Act"), upon due consideration of the subject matter hereof, has determined as follows:

RESPONDENTS

1. JINBI LIMITED ("JINBI") is a Great Britain corporate registrant (1115898) having a primary business address of 7 Grosvenor Gardens, London, SW1W 0BD operating an online entity that purports to "merge traditional gold investments with blockchain technology offering token holders a share in the profitability from the production of gold." JINBI operates by means of the domain name "JINBITOKEN.IO" and is accessible through the website: <http://jinbitoken.io>. JINBI, may be served through its United States domain name registrar, GoDaddy.com, LLC located at 14455 N. Hayden Rd., Ste. 226 Scottsdale, AZ 85260, via GoDaddy.com. JINBI may also be served through a U.S. network services provider, Cloudflare, Inc. located at 101 Townsend Street, San Francisco, CA, 94107, via Cloudflare.com.

2. ANDRE RAFNSSON ("RAFNSSON") is represented in the JINBI website as the "Co-Founder" of JINBI and investor relations. His business address is listed as 7 Grosvenor Gardens, London, SW1W 0BD.

3. JOSEPH CRAWLEY ("CRAWLEY") is represented in the JINBI website as the "Co-Founder" of JINBI and corporate strategy. His business address is listed as 7 Grosvenor Gardens, London, SW1W 0BD.

STATEMENT OF FACTS

4. On August 14, 2018, Commission staff discovered an advertisement on a local television station's web page titled, "Gold-backed Jinbi Token Launch main sale for ICO." The advertisement appears to have been published on the internet on June 28, 2018, via the PRNewswire https://mma.prnewswire.com/media/712630/jinbi_token_ico.jpg and became accessible to Alabama residents at that time. The web address for the advertisement is <http://www.wsfa.com/story/38531493108/gold-backed-jinbi-token-launch-main-sale-for-ico>. The advertisement states, Jinbi Token [is] "Based in the UK and Belarus, Jinbi is a gold investment platform built on the Ethereum blockchain" The advertisement continues, "By using blockchain technology, Jinbi allows individuals to trade gold in a secure peer-to-peer system to share the profitability of gold production." Furthermore, the advertisement states, "Jinbi expect [sic] to generate substantial capital appreciation whilst maintaining an attractive risk profile for investors." The advertisement then recommended, "To participate in the public main sale, please visit the website at <https://jinbitoken.io>.... The minimum investment is 0.1 ETH."

5. According to the advertisement, **RAFNSSON** and **CRAWLEY** are identified as Co-Founders of **JINBI**. **RAFNSSON**'s primary responsibility is Investor Relations and **CRAWLEY**'s responsibility is Gold Mining Operations and Corporate Strategy.

6. According to the Jinbi Token website, **JINBI** website, and white paper, "Jinbi Token holders will benefit directly and share in the profitability from the production of gold at source [sic]. Jinbi will create liquidity events following production milestones whereby each coin holder will receive a biannual dividend payable in physical gold or Jinbi Tokens." The website continues, "all other funds are reinvested back into Jinbi to continue further Gold production."

7. Offering documents show that **JINBI** is seeking "to raise 88,000,000.00 USD in a 28-day ICO (Initial Coin Offering) offer period by launching a crypto token name Jinbi on the Ethereum blockchain. The cap will be 12.5 million tokens." The ICO token sale will offer 10,000,000 tokens to investors with a **JINBI**ICO Price of \$7.04 (USD symbol). "We (**JINBI**) forecast that in 2025, Jinbi will have an inner gold value of more that USD 997 per coin, minimum subscription amount equivalent to 0.1 ether – ETH (approximately 50 USD). The capital raised through the ICO will be used in the mining and production of Gold."

8. Additionally, the **JINBI** offering materials promotes returns to investors as "Liquidity Events." According to the white paper, "A gold dividend will be paid after the 100,000

ounces [Gold] are refined and tokenized. The first payout is expected at the end of Q1 2019 and will be proportionally distributed to all JINBI Token holders. Thereafter, all six monthly [sic] intervals further pro-rata payouts will be made per 100,000 ounces produced.”

9. The offering materials disclaimer section (I) states “in case you invest via the website using US, Canadian or Chinese IP, your actions are considered to be illegal and are prohibited by the legislation of your country.” In addition, the disclaimer continues, “this is not applicable to certified investors.” However, this is contrary to the **RESPONDENTS**’ website use of United States domestic PRNewswire advertisements, the use of U.S. domestic domain and network services providers.

10. On September 12, 2018, a review of the registration files of the Alabama Securities Commission revealed no record of registration, nor any perfected exemption from registration for the securities offered and sold by **JINBI**. In addition, the **RESPONDENTS** were neither registered to offer or sell securities in Alabama, nor exempt from registration.

11. A corporation search of the Alabama Secretary of State’s online website revealed no registration for **JINBI** as a business entity or a foreign corporation to do business in the State of Alabama.

CONCLUSIONS OF LAW

12. Pursuant to Section 8-6-2(10), Code of Alabama 1975, the definition of “security” includes investment contracts and profit sharing agreements. **RESPONDENTS**’ cryptocurrency investment plan require investors to invest money into the common investment plan in order to pool their investments with other investors. Investors share and expect a profit and receive biannual dividends based on the investments profitability, as represented by **RESPONDENTS**, and the profit is derived from the managerial efforts of **RESPONDENTS**. Therefore, **RESPONDENTS**’ ICO development plans constitute investment contracts and profit sharing agreements and are “securities” as defined by the Act.

13. Pursuant to Section 8-6-4, Code of Alabama 1975, it is unlawful for any person to offer or sell any security in this state unless it is registered or exempt from registration under Section 8-6-10; or the transaction is exempt under Section 8-6-11. The securities, i.e. the investment contracts and/or profit sharing agreements offered and sold by **JINBI**, were neither registered nor subject to a perfected exception from registration in Alabama at the time of solicitation or sale and were offered and sold in violation of the Act.

14. Pursuant to Section 8-6-2(5), Code of Alabama 1975, the definition of an "issuer" includes every person who proposes to issue or has issued any security. **RESPONDENTS**, by issuing securities, to wit: investment contracts and/or profit sharing agreements, are an "issuer" as defined by the Act.

15. Pursuant to Section 8-6-17(a)(2), Code of Alabama 1975, it is unlawful for a person, in connection with the offer, sale, or purchase of a security, to make or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading. **RESPONDENTS** failed to disclose that the investments offered and sold by **JINBI** were securities, which required registration in the state of Alabama, a material omission, in violation of the Act.

This Order does not prevent the Commission from seeking such other civil or criminal remedies that are available to it under the Act.

This Order is appropriate in the public interest for the protection of investors and is consistent with the purposes of the Act.

Additionally, if the allegations set forth herein are found to be true, through either administrative adjudication, failure of the **RESPONDENTS** to make a timely request for hearing, or default of the **RESPONDENTS**, it is the intention of the Commission to impose sanctions upon the **RESPONDENTS**. Such sanctions may include, inter alia, an administrative assessment imposed on **RESPONDENTS**, an additional administrative assessment for investigative costs arising from the investigation of the violation(s) described herein against **RESPONDENTS**, and a permanent order to bar **RESPONDENTS** from participation in any securities related industry in the state of Alabama.

ACCORDINGLY, IT IS HEREBY ORDERED that **RESPONDENTS** immediately **CEASE AND DESIST** from further offers or sales of any security into, within or from the state of Alabama.

Entered at Montgomery, Alabama, this 18th day of September 2018.



ALABAMA SECURITIES COMMISSION

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BY:

A handwritten signature in black ink, appearing to read "JP Borg", is written over a horizontal line. The signature is stylized with a large, sweeping flourish at the end.

Joseph P. Borg
Director